CITY OF
APPLETON

MEMORANDUM

Date: October 22, 2025
To: Community Development Committee
From: Lily Paul, Economic Development Specialist
Subject: Request Approval of the Third Amendment to Development Agreement Between the City of Appleton and Merge, LLC in TIF #11

GENERAL INFORMATION

Owner: City of Appleton

Buyer/Developer: Brent Dahlstrom, agent for Merge, LLC (Developer)

Address/Parcel Number: Blue Ramp Site (Parcel ID #31-2-0272-00)

Request: Update the closing date, purchase price, and project details (i.e. completion date, payment dates, and value dates).

PROJECT DETAILS

Project Summary: The Appleton Common Council approved a Development Agreement (DA) with Merge, LLC (Developer) in January 2022. The DA is for the development of a site at the southeast corner of Washington Street and Appleton Street (the Blue Ramp Site). This is the second phase of Merge's development, with the first complete and currently leasing (Urbane115 Apartments).

Per the existing DA, Merge was to acquire the former Blue Ramp Site from the City by July 31, 2024, but was extended 60 days for DNR environmental clearance. Once clearance was granted the closing was extended to February 28th, 2025, to allow Urbane 115 to reach full lease up and the wait for suitable financing conditions. Due to the pending sales of other properties owned by the developer, two more extensions were made for closing to happen on May 1st, 2025, and June 21st, 2025. The developer was unable to close by June 21st, 2025. The issues impeding closing have since been resolved and we have negotiated provisions that will allow the developer to proceed and provide additional benefit to the city by way of additional development agreement terms. The following is a summary of the amendments proposed:

- **Section 1.1** –
    - The developer has a $40,000 credit (related to granting a "no build" easement to Fox Commons; therefore, the purchase price is now $550,000 to reflect the credit.
    - Closing date of April 30, 2026.
- **Section 1.6** –
    - Residential Units cannot be used as "Tourist Rooming House" (AirBNB, VRBO, etc).

- **Section 1.7** –
  - This ensures that the concerns of Phase I balconies are not repeated in Phase II.
- **Section 1.8** –
  - There are several local Houdini Historic Markers throughout the city, and one has been connected to this site. This historic marker should be incorporated into the project.
- **Section 2.3.2** –
  - This allows developers to receive revenue earlier. Past language stated incentive payments start the year AFTER the assessed value is reached, and the first payment amount was based off of the full assessed value. Now, payments can begin the same year that the assessed value is reached, except the payment is based off the value from the prior year. The updated payment language is a win-win for the City and Developer. The developer begins receiving revenue 1 year sooner than in our previous standard DA language, making it more feasible to financing housing developments; the City still ensures the project meets all objectives (project completion and base value creation), while making it easier to administer payments moving forward. The developer is still paid the same net present value over time. This change in payment timing is supported by the City Attorney and the Finance Director.
- **Sections 4.1.1 & 4.1.2** –
  - The project completion date and assessed value is reached by January 1, 2028.
- **Exhibit Update** –
  - The most up to date rendering of the project is reflected

Assessed value amounts and incentive amounts have remained the same.

RECOMMENDATION

Third Amendment to the Development Agreement between the City of Appleton and Merge, LLC for Tax Id #31-2-0272-00 **BE APPROVED**.